

CHAPTER 14.

FUNDING INDEBTEDNESS IN INCORPORATED TOWNS.

S. F. 74. AN ACT providing for funding indebtedness evidenced by warrants, and the refunding of bonded indebtedness of incorporated towns, and for the levy of taxes for the payment thereof, and fixing a penalty for the diversion of such tax.

Be it enacted by the General Assembly of the State of Iowa:

Indebtedness over \$1,000 may be funded.

Size of funding bonds, time and interest.

SECTION 1. That incorporated towns having an outstanding indebtedness evidenced by town warrants, of not less than one thousand dollars, at the time of the passage of this act are hereby authorized, by a vote of two-thirds of the town council, to fund such indebtedness, and to issue coupon bonds of such corporation in sums not less than one hundred dollars nor more than one thousand dollars, having not more than twenty years to run, redeemable in lawful money of the United States at the pleasure of such corporation, after five years from the date of their issue, and bearing interest payable semi-annually at a rate not exceeding six per cent per annum. And such incorporated towns may also, in the same manner, refund the indebtedness of said corporation evidenced by bonds thereof heretofore issued and outstanding at the time of the passage of this act.

Form of bonds.

SEC. 2. Said bonds shall be substantially in the following form:

No. The incorporated town of, in the State of Iowa, for value received, promises to pay or order, on the first day of, or at any time before that date after the expiration of five years at the pleasure of the said, the sum of dollars, with interest at the rate of . . . per cent per annum, payable semi-annually, at on the day of and in each year upon presentation and surrender of the interest coupons hereto attached.

Issued by the council.

This bond is issued by the council of said incorporated town, under the provisions of chapter , of the acts of the twenty-fourth general assembly of the state of Iowa, and in conformity with a resolution of said incorporated town council, dated day of, 18

In testimony whereof the said town council of the incorporated town of have caused this bond to be signed by its mayor and attested by its recorder with the seal of said incorporated town, affixed, this day of, 18

. Recorder,
. Mayor of the incorporated town of

And the interest coupons attached to said bonds shall be substantially in the following form:

No....The treasurer of the incorporated town of....., in the State of Iowa, will pay the holder hereof on the day of....., 18....., at the sum ofdollars, for the interest on bond No.... of incorporated town of....., series of..... issued under the provisions of chapter...., acts of the twenty-fourth general assembly of the State of Iowa.

Form of attached interest coupon.

..... Recorder.

SEC. 3. Whenever any bonds issued under the provisions of this chapter shall be duly executed, numbered consecutively and sealed, they shall be delivered to the treasurer of said incorporated town issuing the same, and his receipt taken therefor, and he shall stand charged on his official bond with all bonds so delivered to him and the proceeds thereof, and he shall sell them on the best available terms or exchange them for any legal indebtedness of said incorporated town evidenced by the outstanding warrants or bonds of said incorporated town outstanding at the date of the final passage of this act, but in no case shall said bonds be sold or exchanged for a less sum than their face value and all interest accrued at the date of said sale or exchange; and if such bonds shall be sold for money, the proceeds thereof shall be applied exclusively to the payment of said bonds or indebtedness outstanding at the date of the final passage of this act.

Delivered to town treasurer.

Bonds not subject to discount

When they are exchanged for warrants of said incorporated town said treasurer shall at once cancel said warrants.

Warrant cancelled.

He shall keep a record of all bonds sold or exchanged by him, by number, date of sale, amount, date of maturity, the name and address of the purchaser, and if exchanged, what evidences of debt were received therefor, which record shall at all times be open to the inspection of the citizens of said incorporated town; said treasurer shall also report under oath to the council of said incorporated town, at each first regular session thereof in each month, a statement of all such bonds so sold or exchanged by him since his last report and the date of such sale or exchange, when exchanged, a description of the indebtedness of said incorporated town for which said bonds were exchanged.

Record of bonds sold or exchanged.

Report.

SEC. 4. No bonds shall be issued under this act in excess of the constitutional limit nor for any other purpose than to fund the outstanding indebtedness of said incorporated towns evidenced by the warrants of said incorporated towns outstanding at the date of the final passage of this act, or to refund outstanding bonds, at such time or by contracts existing at such date and to be performed within the year 1892.

Bonds in excess or for other purposes not to issue.

Levy for interest purposes.

SEC. 5. The council of any incorporated town issuing bonds under and by virtue of this chapter shall cause to be assessed and levied each year upon all the taxable property of said incorporated town, in addition to the levy for other purposes, a sum sufficient to pay the interest on bonds outstanding issued in conformity with and by virtue of the provisions of this act accruing before the next annual levy, and such proportion of the principal, that at the end of eight years the sum raised shall equal at least fifteen per cent of the amount of the bonds issued; at the end of ten years at least thirty per cent of said amount; and at or before the date of maturity of said bonds a sum equal to the whole amount of the principal and interest past due and to become due prior to the next levy, and the same shall be collected and used for the payment of the bonds issued, under and by virtue of the provisions of this act, and the interest thereon and for no other purpose.

Principal collected in installments.

Interest.

Surplus money applicable to principal.

SEC. 6. Whenever an amount in the hands of the treasurer belonging to the bond fund, after deducting the amount required to pay the interest on said bonds maturing before the next levy, shall be sufficient to redeem one or more bonds, he shall notify the owner of such bond or bonds that he is prepared to pay the same with all interest accrued thereon, and if not presented for payment or redemption within thirty days after the date of such notice, the interest on such bonds shall cease and the amount due thereon shall be set aside for the payment thereof when presented. All redemptions shall be made in the exact order of their issuance, and the notice herein required shall be directed to the address of the owner of said bonds as shown by the record kept in the treasurer's office.

Redemption must be in exact order.

Failure to make levy for bonds and interest.

SEC. 7. If the council of any incorporated town which has issued bonds under the provisions of this act, shall fail to make the levy necessary to pay such bonds and interest coupons at maturity and the same shall have been presented to the treasurer of said incorporated town, and payment thereof refused, the owner may file the bond together with all unpaid coupons with the auditor of state, taking his receipt therefor, and the same shall be registered in the auditor's office, and the executive council at their next session as a board of equalization and at each annual equalization thereafter shall add to the state tax to be levied in said incorporated town a sufficient rate to realize the amount of principal and interest, and the money arising from such levy shall be known as the bond fund, and shall be considered as part of the state tax and paid into the state treasury and placed to the credit of said incorporated town, as bond tax, and shall be paid by warrants as the payments mature to the holder of such bonds as shown by the register of the state auditor, until the same shall be fully

May be filed with state auditor.

Bond fund.

Payments.

satisfied and discharged, provided, that nothing herein contained shall be construed to limit or postpone the right of any holder of any such bonds to resort to any other remedy which said holder might otherwise have.

SEC. 8. Any member of the council or any officer of any incorporated town levying and collecting taxes under the provisions of this act who shall in any manner participate in, or advise the diversion of said tax to any other purpose, than that provided for in this act shall be deemed guilty of the crime of embezzlement and shall be punished accordingly.

Approved April 7, 1892.

Penalty for diversion of tax.

CHAPTER 15.

FUNDING INDEBTEDNESS OF CITIES.

AN ACT amending Section One (1) of Chapter Seventeen (17) of the Laws of the Twenty-second General Assembly, relating to funding outstanding indebtedness of cities.

S. F. 83.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. That section one (1) of chapter seventeen (17) of the laws of the twenty second General Assembly be and same is hereby amended to read as follows:

Section 1, chapter 17, twenty-second general assembly amended.

All cities organized under the general incorporation laws of the state and having a population of five thousand or more according to the last state or national census, and whose outstanding indebtedness, evidenced by the warrants of said cities, exceeds the sum of ten thousand dollars, and all cities having a population of less than five thousand, according to the last preceding census as aforesaid, and whose outstanding indebtedness, evidenced by the warrants of said cities amounts to the sum of five thousand dollars are hereby authorized and empowered to fund the same, and issue bonds of said cities therefor. Said bonds shall be in sums of not less than one hundred dollars and not more than one thousand dollars each, having not more than twenty years to run, and bearing a rate of interest of not more than six per cent, payable semi-annually. And such cities may also in the same manner refund the indebtedness of said corporations evidenced by bonds thereof heretofore issued and outstanding at the time of the passage of this act.

Cities of 5,000 inhabitants.

Cities of less than 5,000.

May fund outstanding indebtedness.

SEC. 2. The provisions of sections two (2), three (3), four (4), five (5), six (6), seven (7), and eight (8) of said chapter seventeen (17) of the laws of the twenty-second general assembly shall apply to all bonds issued under the provisions of section one (1) of this act.

Sections applicable to section one.